

CITY COUNCIL MEMORANDUM

AGENDA ITEM

Budget Amendment

ORIGINATING DEPARTMENT

Finance

BACKGROUND INFORMATION

The City of Killeen needs a sustainable funding method to enable city-wide vehicle and heavy equipment purchases, especially when several expensive units must be replaced in the same year. The City of Killeen, on average, spends \$3.4 million annually on fleet purchases.

The establishment of a Fleet Funding Program (FFP) is necessary to provide a city-wide framework for budgeting, procuring, and managing fleet. The Fleet Funding Program will ensure that adequate funds are available to purchase vehicles and equipment, to stabilize budgeting for major purchases, and to provide a systematic, city-wide approach to procurement and disposition of the fleet. The goal is to provide sufficient cash flow for annual purchases.

The Fleet Funding Program is an internal service fund. It will provide goods or services to the other funds on a cost-reimbursement basis.

DISCUSSION/CONCLUSION

A budget amendment needs to be approved by City Council which will allow the City of Killeen to establish the Fleet Funding Program.

FISCAL IMPACT

A total of \$7,500,000 will be transferred from the Solid Waste, Water and Sewer, and 2014 Certificates of Obligation Funds into the Fleet Funding Program. This transfer out increases expenditures in the Solid Waste, Water and Sewer, and 2014 Certificates of Obligation Funds with a corresponding offset to revenue in the Fleet Funding Program. The transfer is necessary to establish the program with sufficient cash.

The Fleet Funding Program budget will increase by \$3,500,000 for FY 2016 vehicle purchases. Upon approval, changes to the FY 2016 budget are as follows:

Revenues

Account Number	Description	Original Budget	Change	Amended Budget
		Budget		
601-0000-371-9347	Transfer from 2014 CO's	\$0	\$1,000,000	\$1,000,000
601-0000-371-9540	Transfer from Solid Waste	\$0	\$3,000,000	\$3,000,000
601-0000-371-9550	Transfer from W/S	\$0	\$3,500,000	\$3,500,000
Total		\$0	\$7,500,000	\$7,500,000

Expenditures

Account Number	Description	Original Budget	Change	Amended Budget
		Budget		
347-3490-439-9601	Transfer to FFP	\$0	\$1,000,000	\$1,000,000
540-9595-439-9601	Transfer to FFP	\$0	\$3,000,000	\$3,000,000
550-9595-492-9601	Transfer to FFP	\$0	\$3,500,000	\$3,500,000
601-3015-423-6110	Motor Vehicles	\$0	\$3,500,000	\$3,500,000
Total		\$0	\$11,000,000	\$11,000,000

RECOMMENDATION

Staff recommends that the City Council approve the attached ordinance amending the Annual Budget and Plan of Municipal Services for FY 2016 that creates the Fleet Funding Program.